

FILED

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING

2011 MAY 18 PM 12:47

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU
OF COMPLIANCE, INVESTIGATION
AND LICENSING,

:
: PA DEPT OF BANKING
: Docket No. 11-0099 (ENF-ORD)
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v.

AMERICAN LAW FIRM.

NOTICE OF RIGHT TO APPEAL AND HEARING

You, American Law Firm, have the right to appeal the attached Order within 10 days of the date of service. See 1 Pa. Code § 35.20. The date of service is the date the Order is deposited in the mail or delivered to you in person, as the case may be, as set forth in 1 Pa. Code § 33.34. If you appeal the Order, you also have a right to a hearing.

To file an appeal and request a hearing on the Order, you must file a petition with the Secretary of Banking within 10 days of the date of service. 1 Pa. Code § 35.20. The petition must be in writing, state clearly and concisely your grounds of interest in the subject matter, the facts you rely upon, the law you rely upon, and the relief you seek. See 1 Pa. Code § 35.17. Please deliver your petition to:

Linnea Freeberg, Docket Clerk
Office of Executive Deputy Secretary
Pennsylvania Department of Banking
17 N. Second Street, Suite 1300
Harrisburg, PA 17101

The petition must be received by the Docket Clerk within the aforementioned 10 day deadline. If the Docket Clerk does not receive your petition on time, your right to a hearing will be waived and the Order will be deemed final.

If you choose to file a petition challenging the Order, please send an additional copy to:

Lauren Sassani, Assistant Counsel
Pennsylvania Department of Banking
17 N. Second Street, Suite 1300
Harrisburg, PA 17101

Once you file your petition appealing the Order and requesting a hearing, you will be notified of the hearing date, time, place, the person who will preside at your hearing, and any other pertinent information.

You have the right to be represented by an attorney. Corporations may be required to be represented by an attorney.

The hearing and all other procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa. C.S. §§ 501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.1.-35.251.

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	:	
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ORDER

WHEREAS, the Department of Banking (the "Department") is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the Mortgage Licensing Act, 7 Pa. C.S. § 6101 et seq.; and

WHEREAS, the Bureau of Compliance, Investigation and Licensing (the "Bureau") is primarily responsible for administering and enforcing the Mortgage Licensing Act for the Department; and

WHEREAS, the Mortgage Licensing Act was amended on August 5, 2009 by Act 31 of 2009, H.B. 1654 (P.N. 2448); and

American Law Firm

WHEREAS, on or around August 24, 2010 the Department became aware that American Law Firm was engaging in mortgage loan modification activity in the Commonwealth of Pennsylvania; and

WHEREAS, American Law Firm is located at 1600 North Broadway, Suite 700, Santa Anna, CA 92706; and

WHEREAS, American Law Firm maintains a website www.americanlawfirm.net. See Exhibit A; and

WHEREAS, "Pennsylvania" is included in the "Foreclosure Information" section. See Exhibit A; and

WHEREAS, despite statements on the website that it is not a loan modification company, American Law Firm advertises mortgage loan modification services on the website. See Exhibit B; and

WHEREAS, the Bureau learned that another unlicensed mortgage loan modification company had referred a Pennsylvania consumer to American Law Firm; and

WHEREAS, by advertising and offering mortgage loan modification services to Pennsylvania consumers and/or accepting Pennsylvania consumers as clients, American Law Firm has engaged in the "mortgage loan business" as defined in the Mortgage Licensing Act; and

WHEREAS, American Law Firm is not licensed to engage in the mortgage loan business in Pennsylvania; and

WHEREAS, American Law Firm does not meet any of the exceptions to licensure in Sections 6111(b) and 6112 of the Mortgage Licensing Act. See 7 Pa. C.S. §§ 6111(b), 6112; and

WHEREAS, the employees of American Law Firm that conduct the mortgage loan modification negotiations with third party lenders on behalf of consumers are not licensed as mortgage originators pursuant to the Mortgage Licensing Act and do not meet any exception to licensure. See 7 Pa. C.S. § 6102; and

WHEREAS, American Law Firm has violated the Mortgage Licensing Act by engaging in the mortgage loan business in Pennsylvania without a license; and

Mortgage Licensing Act

WHEREAS, the Mortgage Licensing Act applies to any mortgage loan that is “(i) negotiated, offered or otherwise transacted within this Commonwealth, in whole or in part, whether by the ultimate lender *or any other person*; (ii) made or executed within this Commonwealth; or (iii) notwithstanding the place of execution, secured by real property located in this Commonwealth.” 7 Pa. C.S. § 6151(1) (emphasis added); and

WHEREAS, Section 6102 of the Mortgage Licensing Act defines “mortgage loan business” as “[t]he business of advertising, causing to be advertised, soliciting, negotiating or arranging in the ordinary course of business or offering to make or making mortgage loans.” 7 Pa. C.S. § 6102; and

WHEREAS, Section 6102 of the Mortgage Licensing Act defines a “mortgage originator” as:

- (1) An individual [that] takes a mortgage loan application or offers or negotiates terms of a mortgage loan for compensation or gain.
- (2) The term does not include any of the following:
 - (i) An individual engaged solely as a loan processor or underwriter consistent with section 6112(8) (relating to exceptions to licensing requirements).
 - (ii) A person or entity solely involved in extensions of credit relating to timeshare plans. . . .
- (3) Except as set forth in paragraph (4), the term does not include an employee of a licensee or person exempt or excepted from licensure under this chapter who *solely renegotiates terms for existing mortgage loans held or serviced by that licensee or person* and who does not otherwise act as a mortgage originator.
- (4)

7 Pa. C.S. § 6102 (emphasis added); and

WHEREAS, Section 6102 of the Mortgage Licensing Act defines a “first mortgage loan” as a loan which is “(1) made primarily for personal, family or household use; and (2) secured by any first lien mortgage, deed of trust, or equivalent consensual security interest on a dwelling or on residential real estate.” 7 Pa. C.S. § 6102; and

WHEREAS, Section 6102 of the Mortgage Licensing Act defines a “secondary mortgage loan” as “(1) made primarily for personal, family or household use; and (2) secured by any secondary lien mortgage, deed of trust, or equivalent consensual security interest on a dwelling or on residential real estate.” 7 Pa. C.S. § 6102; and

WHEREAS, Section 6102 of the Mortgage Licensing Act defines a “mortgage loan” as “[a] first or secondary mortgage loan, or both, as the context may require.” 7 Pa. C.S. § 6102; and

WHEREAS, Section 6111(a) of the Mortgage Licensing Act provides that “. . . no person shall engage in the mortgage loan business in this Commonwealth without being licensed as a mortgage broker, mortgage lender, mortgage loan correspondent or mortgage originator as provided under this chapter. A mortgage originator may not engage in the mortgage loan business unless the mortgage originator is employed and supervised by a licensed mortgage broker, mortgage lender or mortgage loan correspondent. . .” 7 Pa. C.S. § 6111(a); and

WHEREAS, Section 6112(2) of the Mortgage Licensing Act provides an exception to licensure for attorneys at law “*not* otherwise engaged in or holding himself for herself out to the public as being engaged in the mortgage loan business who acts as a mortgage broker or a mortgage originator in negotiating or placing a mortgage loan in the normal course of legal practice.” 7 Pa. C.S. § 6112(2) (emphasis added); and

WHEREAS, Section 6138(a)(4) of the Mortgage Licensing Act provides the Department with authority to issue orders as may be necessary for the proper conduct of the mortgage loan business and the enforcement of the Mortgage Licensing Act. 7 Pa. C.S. § 6138(a)(4); and

WHEREAS, Section 6140(a) of the Mortgage Licensing Act provides, in relevant part that “[a] person subject to the provisions of this chapter and not licensed by the department who

violates any provision of this chapter or who commits any action which would subject a license to suspension, revocation or nonrenewal under section 6139 (relating to suspension, revocation or refusal) may be fined by the department up to \$10,000 for each offense.” 7 Pa. C.S. § 6140(a); and

AND NOW, THEREFORE, since American Law Firm has engaged in unlicensed activity, the Bureau, pursuant to its authority referenced above hereby imposes the following Order:

1. Loan Origination. Upon the effective date of this Order¹, American Law Firm and any and all officers, members, managers, employees, independent contractors or agents of American Law Firm shall cease and desist from engaging in the mortgage loan business subject to the Mortgage Licensing Act, including, but not limited to, advertising (including website advertising), accepting applications and negotiating mortgage loans and mortgage loan modifications in Pennsylvania or to Pennsylvania consumers, unless and until such time that American Law Firm and all mortgage originators as defined by the Mortgage Licensing Act are licensed by the Department pursuant to the Mortgage Licensing Act.

2. Pipeline Report. Upon the effective date of this Order, American Law Firm shall provide a list of consumers that American Law Firm has worked with in order to negotiate mortgage loan modifications (the “Pipeline Report”). The Pipeline Report shall include, but is not limited to:

- a. The names, addresses and phone numbers of Pennsylvania consumers that have responded to advertisements or that American Law Firm has as clients;
and

¹ This Order is effective on the tenth day of the date it is executed below, if no petition for hearing is timely filed. If a petition for hearing is timely filed, the Order will become effective on the date upon which a final order is issued.

- b. The amount of fees collected from the consumers; and
- c. The current rate, term and payment of the Pennsylvania consumers' loans;
and
- d. The proposed rate, term and payment of the loans subsequent to the loan modification; and
- e. The current status and/or resolution of the loan modification.

The Pipeline Report shall be sent to John Talalai, Administrator, Compliance Division, at Redacted , by 5:00 PM eastern time on the effective date of this Order. The Pipeline Report shall be updated weekly, until the Bureau no longer requires updates.

3. Advertising. Upon the effective date of this Order, American Law Firm shall provide a list of any other websites or copies of any other advertising that American Law Firm has utilized including, but not limited to, mail solicitations. The information shall be sent to John Talalai, Administrator, Compliance Division, at Redacted , by 5:00 PM eastern time on the effective date of this Order.

4. Contact Information. Upon the effective date of this Order, American Law Firm shall provide a list of all owners, officers and employees of American Law Firm. The list shall include the name, address telephone number and position of these individuals. The information shall be sent to John Talalai, Administrator, Compliance Division, at Redacted , by 5:00 PM eastern time on the effective date of this Order.

5. Advance Fees. If American Law Firm accepted advance fees from Pennsylvania consumers, American Law Firm shall refund those advance fees upon the effective date of this Order and shall cease and desist from collecting any future advance fees pursuant to the Federal Trade Commission's regulation of mortgage assistance relief services, 16 CFR 322.1 *et seq.*

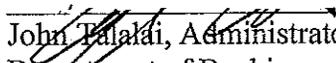
Proof of the refunded advance fees shall be made in the form of cancelled/cleared checks and shall be sent to John Talalai, Administrator, Compliance Division, at Redacted, by 5:00 PM eastern time on the effective date of this Order.

6. Waiver. Nothing in this Order shall prevent American Law Firm from seeking a waiver from the Department to allow American Law Firm to complete a loan modification for a Pennsylvania consumer that is listed on the Pipeline Report as provided in Paragraph 2 in order to prevent further harm to the Pennsylvania consumer and for no other reason. Requests for waiver may be made to John Talalai, Administrator, Compliance Division, at Redacted.

7. Reservation of Rights. Nothing in this Order shall prevent the Bureau from taking any further administrative action as deemed necessary including, but not limited to imposing fines pursuant to Section 6140(a) or (b) of the Mortgage Licensing Act or seeking restitution for consumers.

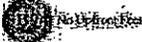
IT IS SO ORDERED.

Redacted


John Talalai, Administrator
Department of Banking,
Bureau of Compliance, Investigation and Licensing

5-18-2011
(Date)

EXHIBIT A





innovative and dynamic solutions to fit the facts of your case. We are uniquely situated to provide thorough analysis of your financial and legal situation and recommend the best solution for you.

economy and return us to prosperity.

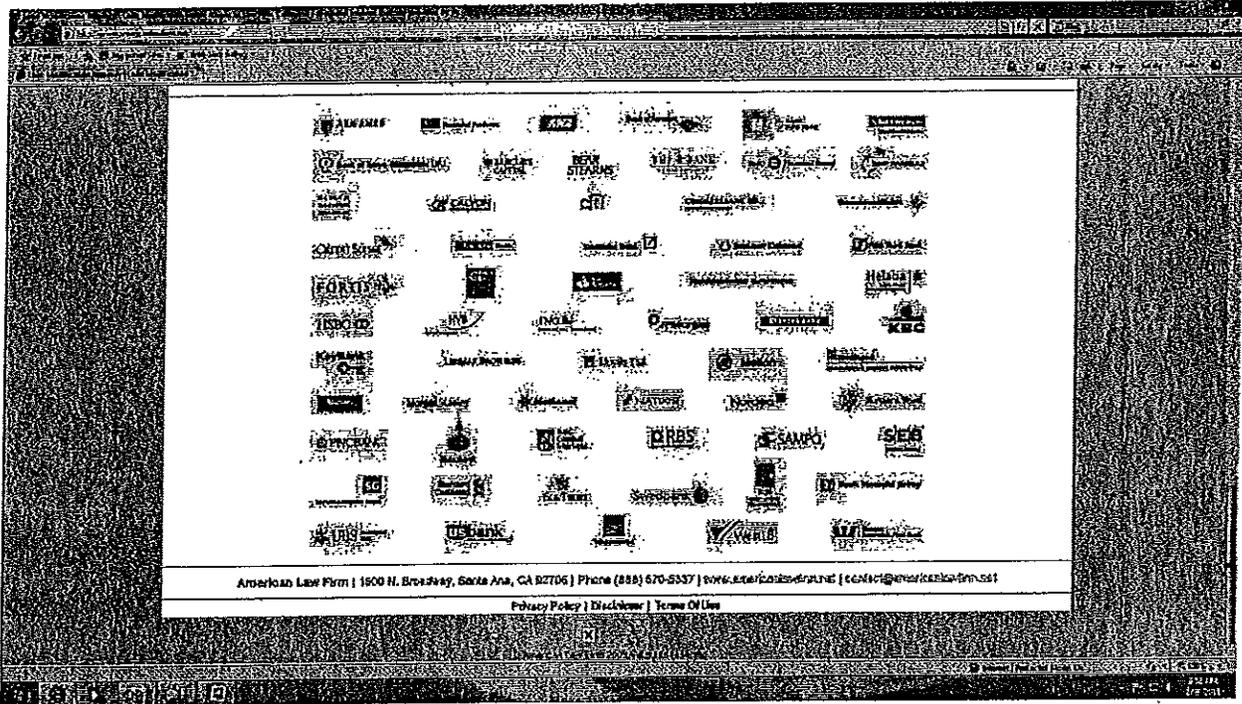












American Law Firm | 1500 N. Broadway, Santa Ana, CA 92706 | Phone (888) 670-6337 | www.americanlawfirm.com | contact@americanlawfirm.com

[Privacy Policy](#) | [Disclaimer](#) | [Terms Of Use](#)

EXHIBIT B

11/24/2008

We are not a loan modification or loss mitigation company. We are a full service law firm and can provide the full range of legal options that your case merits... | [Details](#)

mortgage lenders can consider. We understand that our current economy is under serious strain and that you may be undergoing a serious problem. There is only a short time to overcome the real possibility of losing your property through a foreclosure, and we can assure you that once you enter into the process with us your worries will be at ease and you can sleep well knowing that you are going to get to keep your house.

The American Law Firm is comprised of a group of experienced real estate attorneys, residential and commercial bankers and real estate brokers who have years of knowledge in federal lending policies and work effectively together to remedy any situation that your case may merit. There are few competitors in the real estate industry who understand the inner workings of the non-recourse banking system. The companies out there are few and far between having the appropriate knowledge to work with your advising lender, negotiating directly and accomplishing a true loan modification. Please note: American Law Firm only recommend a California bankruptcy as an absolute LAST resort.

Typical results of our restructuring plans:

LOAN MODIFICATION

On average, 55% of all AI Paper type lenders and about 75% of sub-prime type lenders (lenders with high interest rates) and general creditors will negotiate a loan modification and/or mortgage pay rate reduction where most or all of the delinquent payments and foreclosure fees are added on to the back end of the loan. Payments can remain approximately the same, however with a loan modification often times there is a substantial payment reduction. In many of our cases the interest rates were reduced permanently.

FORBEARANCE PROGRAMS

On average there are about 20% of sub-prime lenders (lenders with high interest rates) will only offer a workout program that requires borrower to pay at least 20% or more of the total delinquencies including foreclosure fees. Also the balance of the delinquency will be added to their regular monthly payments and extended over a short period of six to forty-eight months. Forbearance plans do not remove a foreclosure action or stop foreclosure but the foreclosure proceedings will continue until the loan is current.

FORBEARANCE PROGRAMS ARE STARTING TO BE A RARITY AS LENDERS ARE NOW BEING FORCED BY NEW GOVERNING BODIES TO CONSIDER THE ABILITY OF THE BORROWER TO PAY. AMERICAN LAW CORPORATION REQUIRES YOUR LENDER TO CONSIDER YOUR ABILITY TO PAY. YOUR PAYMENT WILL BE BASED ON WHAT YOU CAN TRULY AFFORD!

To get started on a Loan Modification case, simply print and sign the Release Agreement and return it with the payment authorization signed and completed with either a cashier's check for the appropriate amount or the appropriate credit card information and signed authorization. We will follow up with you with a list of what documents we need to start the process.

American Law Firm | 1500 N. Broadway, Santa Ana, CA 92706 | Phone (562) 956-9976 | www.americanlawfirm.net | info@americanlawfirm.net

